

ENVIRONMENTAL
INTEGRATION WITHIN UK
STRUCTURAL FUND
PROGRAMMES –
A COMPARATIVE STUDY

Final Report

June 2004

The logo for TYM & PARTNERS features the company name in a bold, sans-serif font. 'TYM' is in red, '&' is in blue, and 'PARTNERS' is in red. Below the name, the tagline 'Planners and Development Economists' is written in a smaller, red, sans-serif font. To the left of the main text, the word 'TOGETHER' is written vertically in a small, red, sans-serif font.

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CONTENTS

INTRODUCTION	1
DEVELOPMENT AND DELIVERY OF THE ENVIRONMENTAL SUSTAINABILITY CROSS CUTTING THEME AT PROGRAMME LEVEL	9
DEVELOPING AND DELIVERING PROJECTS INTEGRATING ENVIRONMENTAL AND ECONOMIC THEMES	19
CONCLUSIONS AND FUTURE DIRECTIONS	27

1 INTRODUCTION

Study Brief

- 1.1 Roger Tym and Partners (RTP) was commissioned by the South West Objective Two Environmental Sustainability Theme Manager to undertake a comparative study of the integration of the environmental sustainability theme into three Structural Fund Programmes in England – the Cornwall and Isles of Scilly Objective One Programme, the South West Objective Two Programme and the East Midlands Objective Two Programme.
- 1.2 The overall aim of the study is to compare the experience of delivering the environmental sustainability theme within the different structural fund programmes in terms of process and experience, in particular its success in delivering environmental and economic gain through a horizontal integrative approach.
- 1.3 The brief is set out in two parts:
- A comparative review of the approaches to delivering environmental sustainability as a horizontal theme in the three Programmes. The review should focus on tracing the links between the Programme's strategic drivers for environmental sustainability, the Programme Strategy and the Programme Complement and how these have been transferred to activity supported; and the processes by which the environmental sustainability theme is delivered in each Programme.
 - Qualitative research with project applicants/managers to gain an insight into their experience of delivering integrated projects on the ground, any barriers experienced and additional support required to deliver integrated projects.
- 1.4 This report responds to the brief and is set out in the following sections:
- Section One: the policy context for introduction of an environmental sustainability dimension in Structural Fund Programmes and the notion of this as a cross cutting theme.
 - Section Two: charting and comparing the development of the rationale for the environmental sustainability theme through the Single Programme Documents (SPDs) and the Programme Complements; the prominence given to the environmental sustainability theme and the clarity of its content; and identifying how the environmental sustainability theme is currently delivered across the three Programmes in terms of resources available to assist project applicants/managers
 - Section Three: comparing the experience of case study project managers across the three Programmes in developing and delivering projects integrating economic and environmental themes
 - Section Four: providing conclusions on the experience to date and issues/opportunities to be addressed for the future.

The Structural Fund Programme Areas

- 1.5 The three Structural Fund Programme Areas selected for this study are:
- The Cornwall and Isles of Scilly Objective One Programme, total value about £730m and covering the whole of Cornwall and the Isles of Scilly
 - The South West Objective Two Programme, total value about £267m and covering the whole of North Devon, South Hams, Torridge and West Devon districts together with five wards in Bristol, 15

wards in Plymouth, six wards in Torbay and eight wards in West Somerset. In addition wards in Mid Devon, Plymouth, Torbay and West Somerset are identified as transitional areas.

- The East Midlands Objective Two Programme, total value about £598m, covering all or parts of the cities of Derby, Nottingham and Leicester, large parts of Lincolnshire, parts of the Peak District and the North Derbyshire/North Nottinghamshire Coalfield. A ward in Nottingham, part of the coalfield area and parts of Boston Borough, South Holland District, High Peak, Derbyshire Dales, Staffordshire Moorlands and East Staffordshire Districts are identified as transitional areas.

1.6 A summary of the strategic objectives, priorities and measures of each Programme is given in Table 1.1. Each programme has the common approach of three cross-cutting themes, of which environmental sustainability is one.

1.7 The management of each Programme is different and this has had an effect on the delivery of the environmental sustainability theme as discussed in Section Two:

- The Objective One Programme in Cornwall and the Isles of Scilly splits programme management functions into two parts; the strategic direction of the Programme with a strategic development group and sectoral task forces; and project appraisal and approval through priority management groups and a programme working group. The project appraisal and approval process is supported by the Government Office for the South West (GOSW) Objective One Secretariat. The work on strategic direction is supported by the Objective One Partnership Office. This is funded through technical assistance and is independent from the GOSW Secretariat. The environmental sustainability theme manager and guidance officer posts are located in the Partnership Office, as part of developing the strategic direction of the Programme. Both parts of programme management report back to the Programme's Monitoring Committee.
- The South West Objective Two Programme management is primarily organised as a single system supported by a Secretariat in GOSW's offices, with the exception of the five wards in Bristol which operates through a delegated Neighbourhood Action Plan. Project appraisal and approval processes are undertaken by the GOSW Secretariat, with priority entry groups (PEGs) and a strategy and working group (SWG) appraising projects on the basis of strategic fit. The SWG also provides a strategic steer to the work of the PEGs and strategic information to the Programme Monitoring Committee. Project development guidance is provided by the GOSW Secretariat. All report to a Programme Monitoring Committee. The environmental sustainability theme manager is based within the GOSW Objective Two Secretariat.
- The East Midlands Objective Two Programme is managed at a strategic level by the Objective Two Programme Monitoring Committee and a single working group, supported by the Secretariat based in Government Office for the East Midlands (GOEM). As the Programme area is quite diverse, management is organised through eight sub regional partnerships (SRPs). Five of these sub regional partnerships have full delegated responsibility for delivery of Objective Two through Action Plans. These organisations have the responsibility of identifying, scoring, appraising, managing, making payments and monitoring projects. Three sub regional partnerships operate indicative financial envelopes (IFEs). This means they have the responsibility for identifying, scoring and submitting projects that meet their IFE, although GOEM formally appraises, approves and subsequently manages IFE projects. The Environmental Sustainability Officer is based in the GOEM Objective Two Secretariat.

The Environmental Policy Context

1.8 All Structural Fund Programmes have been prepared to a common format and within a common European policy context. The Structural Funds are required to work towards sustainable development (defined as economic growth, social cohesion and the protection of the environment). This was set out

in the Treaty of Amsterdam in 1997 and taken forward into the Structural Fund Regulations in 1999. It makes clear that environmental considerations must be incorporated into the definition and implementation of measures supported by the Structural Funds.

- 1.9 Structural Fund Programmes should also be making a contribution at the national and regional policy levels. Nationally the UK Strategy for Sustainable Development (May 1999) and topic specific policy such as 'Rural England' (the Rural White Paper) and 'Tomorrow's Tourism' all provide a relevant context, emphasising issues of integration of activities to achieve sustainable development. More broadly 'Modernising Government' stresses the need for policy to be more joined up and strategic – again emphasising coordination and integration.
- 1.10 Regionally, the Regional Strategy and Regional Planning Guidance were both important contextual documents at the time of SPD preparation. In the South West, the Regional Strategy identified four strategic drivers as key for the growth and sustainable development of the regional economy, the environment being one driver – using the region's cultural and environmental assets to attract and develop business potential. In the East Midlands, an Integrated Regional Strategy (incorporating the Regional Economic Strategy, Regional Environment Strategy and the Regional Planning Guidance) sets out a vision for the East Midlands to be recognised for its high quality of life, vibrant economy, rich cultural and environmental diversity and sustainable communities.
- 1.11 The policy context, requiring environmental integration into Structural Fund Programmes at the European level and supported as an approach at a national and regional policy level, is well established.

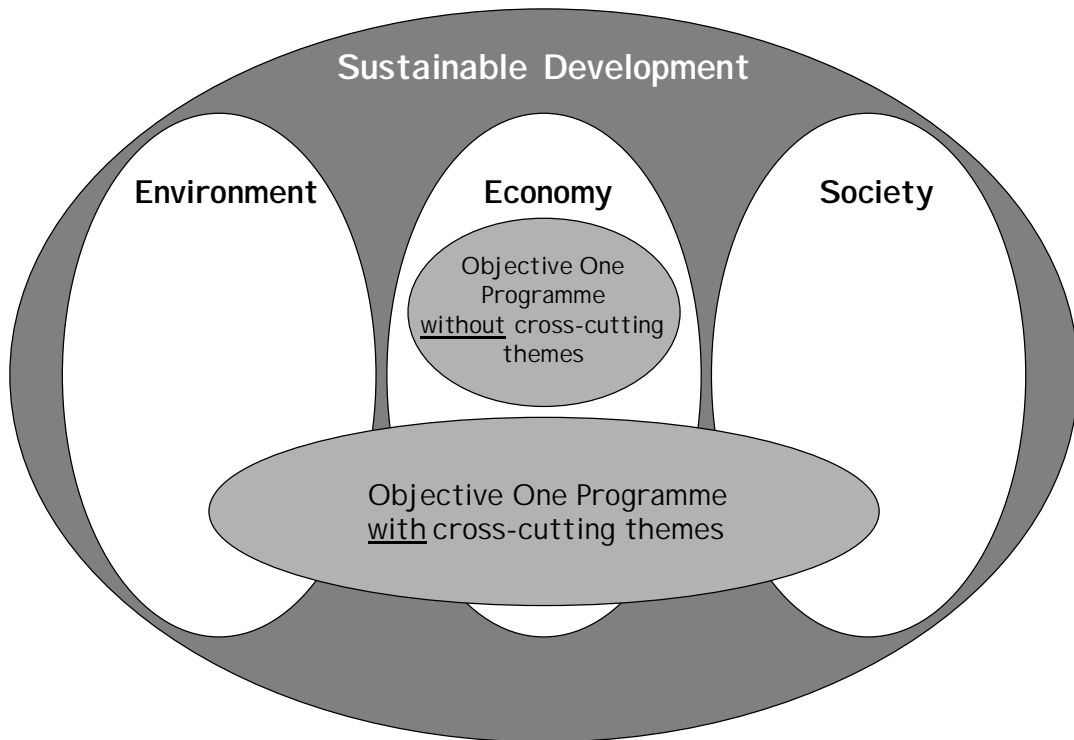
Learning from Previous Structural Fund Programmes

- 1.12 Structural Fund Programmes are expected to learn from previous experience. In the East Midlands, the SPD notes that environmental factors were only given a limited weighting in the project selection processes in previous Structural Fund Programmes. There is scope for a more holistic view of the environment and sustainable development issues including greater consideration of environmental baselines, consideration of a wider range of environmental media and consideration of a wider range of impacts (as opposed to outputs only). A similar comment is made of the previous South West Objective 5(b) Programme (covering the Objective One and Two areas) in that it lacked clear specified indicators and continuity of monitoring sufficient to be able to reflect the environmental impacts of the Programme
- 1.13 The current Structural Fund Programmes are therefore addressing deficits of previous Programmes, where environmental issues have not been linked into Programme activity and project selection substantively.

The Environmental Sustainability Theme

- 1.14 Environmental sustainability is included as a cross-cutting theme in order to address the European policy emphasis on sustainable development within Structural Fund Programmes. In this context environmental sustainability is one of three cross-cutting themes which, collectively, link the three dimensions of sustainable development. A diagram in an Objective One paper on environmental sustainability in practice¹ clearly sets out this link, with the environmental sustainability theme linking economy with environment and the equal opportunities cross-cutting theme providing the links into society:

¹ Environmental Sustainability in Practice, June 2002, Objective One Programme for Cornwall and the Isles of Scilly



- 1.15 Environmental sustainability provides the environmental component of sustainable development and is the focus of this study. It is incorporated into the three Structural Fund Programmes reviewed as a cross cutting or horizontal theme i.e. one that touches every project regardless of which Priority and Measure it comes forward under or which Structural Fund it is funded by.
- 1.16 Interpretation of the environmental sustainability theme has developed in the Cornwall and Isles of Scilly Objective One Programme and the South West Objective Two Programme to mean exploration of the way in which the economy and the environment interact with each other in any project situation and the way in which the environment can have an active role in influencing and directing economic development. The East Midlands takes the same approach. It is based on the assumption that the environment can lead to economic benefits, provide new opportunities and stimulate the economy in new directions. Examples of what this might include have been identified as²:
- Recognising the role of the environment as an asset base that contributes to economic performance. A knowledge of the way in which environmental assets can directly or indirectly benefit a sector (e.g. tourism) or a business is essential in order to understand the economic rationale for safeguarding the environmental asset base
 - The environment as a resource base where the close relationship between the business sector (e.g. land based businesses) and the environmental resource base means that a prudent and precautionary approach to use of natural resources is needed for business sustainability in the short and longer term
 - Capitalising on the ability of the environment to stimulate new business opportunities (environmental goods and services as a key emerging sector) and encouraging all businesses to be environmentally smarter, embedding environmentally responsible practices at all stages of a

² The Environment as an Economic Driver: Interpreting and translating the concept. Objective One Programme for Cornwall and the Isles of Scilly.

production process and throughout a supply chain, responding to consumer demand and producing business efficiency and benefit.

- Stimulating the development of new skills to support environmentally smarter businesses and development of business opportunities in environmental goods and services
- Supporting the environment as a key element in the quality of life, for those who live and work in an area, an increasingly important aspect of business activity for location independent businesses and facilitated by developments in information and communications technologies
- Using the environment as a key element of identity and branding as individuals and organisations make purchasing and investment decisions taking account of the environmental credentials of goods and the environmental performance of companies. Current and future economic benefits depend on the continued integrity of the environmental asset base.

1.17 Environmental sustainability is not therefore solely concerned with issues of environmental protection which has traditionally been the approach taken (i.e. the adverse environmental impacts of a project) but with environmental benefits (how can a project jointly deliver environmental and economic benefits; how can inclusion of environmental considerations enhance the economic benefit). It is this concept of integration that all three Programmes are seeking to convey through the environmental sustainability theme.

1.18 This study is therefore testing the extent to which this concept of integration, expressed through the environmental sustainability theme, is being developed in practice.

Programme Area	Vision and Strategic Objectives	Priorities	Measures
<p>Cornwall and Isles of Scilly Objective One</p>	<p>Vision: a prosperous Cornwall and Scilly where all people and communities share in an improving quality of life</p> <p>Mission: to achieve a step change in the prosperity of Cornwall and Scilly, making it a place where people and communities have equal access to opportunities and to a quality of life which arise from the sustainable development of its economy and its environment and the enhancement of its distinctiveness</p> <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To increase absolute prosperity • To create sustainable communities • To protect and enhance the environmental and cultural and economic opportunities of distinctiveness in Cornwall and Scilly 	<p>Priority One: SME and Micro Business Support</p> <p>Priority Two: Strategic Investments</p> <p>Priority Three: Developing People</p> <p>Priority Four: Community Economic Development and Rural Structural Adjustment</p> <p>Priority Five: Regional Distinctiveness</p>	<p>Measure 1.1: Creating the economic conditions for competitive SMEs and businesses</p> <p>Measure 1.2: Financial engineering for SMEs</p> <p>Measure 1.3: Developing competitive SMEs</p> <p>Measure 1.4: Processing and marketing of agricultural products</p> <p>Measure 1.5: Supporting the entrepreneur</p> <p>Measure 1.6: Developing sectors with growth potential</p> <p>Measure 1.7: New employment opportunities</p> <p>Measure 2.1: Strategic sites and premises</p> <p>Measure 2.2: Employment growth centres</p> <p>Measure 2.3: embedding the benefits of new investment</p> <p>Measure 2.4: Strategic regional infrastructure</p> <p>Measure 3.1: Active labour market policies</p> <p>Measure 3.2: Learning for competitive business and for enterprise – adaptability and entrepreneurship</p> <p>Measure 3.3: Lifelong learning</p> <p>Measure 3.4: Promoting social inclusion</p> <p>Measure 3.5: Increasing the participation of women</p> <p>Measure 3.6: Infrastructure for Learning</p> <p>Measure 4.1: Community Economic Development</p> <p>Measure 4.2: Area based pathways to employment</p> <p>Measure 4.3 – 4.6: Structural adjustment in agriculture</p> <p>Measure 4.7: Structural adjustment in fisheries</p> <p>Measure 4.8: Community regeneration</p> <p>Measure 5.1: Securing benefits from the arts, cultural and heritage industries</p> <p>Measure 5.2: Enhancing and developing the public product</p> <p>Measure 5.3: The knowledge driven region</p> <p>Measure 5.4: Research and knowledge</p>

Programme Area	Vision and Strategic Objectives	Priorities	Measures
South West Objective Two	<p>Vision: a prosperous area with a quality of life that matches the best regions in Europe</p> <p>Mission: to achieve significant and sustainable change in the prosperity of people, businesses and communities within the South West Objective Two area and to do so in ways which deliver economic growth and greater social inclusion and which enhance the natural and built environment</p> <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To increase incomes • To increase the opportunities available to people, business and communities • To widen access to employment • To help create and support sustainable communities • To protect and enhance the environmental assets of the region 	<p>Priority 1: Neighbourhood Renewal</p> <p>Priority 2: SME development technology and innovation</p> <p>Priority 3: A better future for traditional economies</p>	<p>Measure 1.1: Neighbourhood ownership, leadership and democracy</p> <p>Measure 1.2: Taking forward neighbourhood regeneration</p> <p>Measure 1.3: Pathways to employment</p> <p>Measure 2.1: Support for start ups and micro enterprises</p> <p>Measure 2.2: Support for SME development</p> <p>Measure 2.3: Business support for technology and knowledge based industries</p> <p>Measure 2.4: Creating a better environment for business</p> <p>Measure 2.5: Management and skills development for SME development</p> <p>Measure 3.1: Regenerating the rural economy</p> <p>Measure 3.2: Investing in the rural tourism product</p> <p>Measure 3.3: Investing in the tourism infrastructure of coastal towns, resorts and city areas</p> <p>Measure 3.4: Promotion and development of the regional distinctiveness of the area</p> <p>Measure 3.5: Regenerating fishing communities</p> <p>Measure 3.6: HRD and training support for traditional economies</p>
East Midlands Objective Two	<p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To increase employment and incomes to all parts of the Programme area • To increase business competitiveness in the Programme area • To secure new investment for the Programme area • To contribute to the reduction of economic and social exclusion in the Programme area 	<p>Priority 1: Enterprise and innovation</p> <p>Priority 2: Climate for investment – strategic development opportunities</p> <p>Priority 3: Sustainable communities</p>	<p>Measure 1.1: Supporting the ICT revolution, technology development and business innovation</p> <p>Measure 1.2: Financial support for SMEs and the social economy</p> <p>Measure 1.3: Business development for SMEs and Community Enterprises</p> <p>Measure 1.4: Business infrastructure for SMEs and community enterprises</p> <p>Measure 1.5: Learning and skills for a competitive economy</p> <p>Measure 2.1: Strategic development opportunities</p> <p>Measure 2.2: Economic infrastructure</p> <p>Measure 2.3: investing in sustainable tourism and the cultural industries as drivers for economic development</p>

Programme Area	Vision and Strategic Objectives	Priorities	Measures
			<p>Measure 3a1: Community capacity building</p> <p>Measure 3a2: Creating sustainable communities</p> <p>Measure 3a3: Employment pathways and developing skills to regenerate local communities</p> <p>Measure 3b1: Sustainable rural communities</p>

2 DEVELOPMENT AND DELIVERY OF THE ENVIRONMENTAL SUSTAINABILITY CROSS-CUTTING THEME AT PROGRAMME LEVEL

Developing the Environmental Sustainability Theme in Single Programming Documents/Programme Complements

- 2.1 All three Programmes have adopted environmental sustainability as a cross cutting theme. This subsection reviews the way in which the Single Programming Documents (SPD) and Programme Complements have set out the case for the environmental sustainability theme and provided information to explain how it should be integrated with the economic purpose of the Programmes. This is important as it provides the context for project applicants and Programme Managers. If the reasoning in the SPDs and Programme Complement is not clear, project applicants will not have an effective steer for their project and Programme Managers are not given guidance on how to ensure projects contribute to the theme.

Cornwall and Isles of Scilly Objective One Programme.

- 2.2 The Single Programming Document (SPD) introduces an environmental dimension from Section One, by setting it out as part of the Programme's mission³ and as one of its three strategic objectives⁴. This sets a theme that follows through the SPD. Section Two (Conditions of the Region) makes reference to the environment, identifying it as a key strength, as a provider of jobs and with potential for increasing employment.
- 2.3 Section Four, Environmental Profile, sets the role of the environment as a key economic driver, a key part of the quality of life and a key contributor to economic and social wellbeing as well as providing business opportunities. Different components of the environmental significance of Cornwall and the Isles of Scilly are reviewed – landscape character, built environment, historic environment, water etc. Each concludes with an identification of the key opportunities for the Programme (making the environmental/economic link) and the indicators that could be used to measure its impact. This is all drawn together into a concluding section which:
- Draws together a list of the key environmental opportunities
 - Introduces the idea of sustainable development and the need for greater prosperity with less environmental damage
 - Identifies environmental quality as a major factor in regional development and business competitiveness, with specific activities where funds should be made available to support better environmental performance and investment in business

- 2.4 Section Four culminates in a statement of the Programme's environmental vision (of Cornwall and the Isles of Scilly as a special place recognised throughout UK and Europe with distinctive physical qualities protected and improved, thus providing a basis for sustainable quality of life and environment for its people) and its environmental aim and objectives:

Aim: to actively integrate environmental issues into activities across the strategy and implementation of the Programme through the promotion and provision of support, the prioritisation of activities that explicitly address environmental issues and other opportunities provided by the Objective One Programme.

³ 'to achieve a step change in the prosperity of Cornwall and Scilly, making it a place where people and communities have equal access to opportunities and to a quality of life which arise from the sustainable development of its economy and its environment and the enhancement of its distinctiveness'.

⁴ 'to protect and enhance the environment and cultural and economic opportunities of the distinctiveness of Cornwall and Scilly'

Objectives:

- To enable protection and improvement of the environment
- To promote the prudent use of natural resources
- To take advantage of business opportunities afforded by growing demands for environmental goods, processes and services
- To increase the awareness of residents, businesses and visitors of the value and importance of the environment
- To actively promote environmental policies in all aspects of Programme management and implementation

2.5 This approach is then supported in the SWOT analysis and followed through into the strategic objective to capitalise on the economic opportunities of distinctiveness, which supports the need for economic growth integrated with the environment. It is then given greater detail in Section 10, Cross Cutting Themes which reiterates that Programme activities should strengthen environmental assets whilst securing economic benefits and Programme resources should be used to take up environmental opportunities to capitalise on regional strengths. The aim and objectives from Section 4 are brought forward into this section. Priority activities are identified for each operational objective together with mechanisms and support systems to ensure this prioritisation is met.

2.6 The Programme Complement adds detail to the operational objectives for the theme, principally by confirming outputs/results/impacts to be achieved and by allocating output targets by operational objective/priority activity/Programme measure. It notes that up to 10% of the appraisal score is for the contribution of a project to the environmental theme. Initially the score only related to projects seeking ERDF funding. It now also applies to those seeking EAGGF and FIGG.

South West Objective Two Programme

2.7 In the SW Objective Two SPD, the Environment is introduced in Section One, set out as part of the overall mission of the Programme and its strategic objectives.

2.8 Section Four, the Environmental Profile, gives detailed information, identifying the Objective Two area as having many environmental strengths, challenges and opportunities. Environmental quality is identified as important for sustainable development. Protection and enhancement of environmental quality is therefore identified as fundamental to environmental sustainability. This section also addresses environmental management, land use and environmental performance and issues and opportunities are identified for each. The section concludes with an economy and environment matrix, intended to link environmental opportunities with proposed Programme priorities.

2.9 The SWOT analysis then draws out some environmental elements and concludes:

- The high quality physical environment is a key economic asset for tourism and the attraction of new investment
- There are opportunities to develop the business base in growth sectors and capitalising on quality of life aspects
- There are opportunities to develop environmentally related business activities such as food products and green tourism
- There is a need to address a negative environmental legacy

2.10 Section Eight sets out the Programme's overall mission and strategic objectives, both of which incorporate an environmental component. The **mission** is to '*achieve significant and sustainable changein ways which deliver economic growth and greater social inclusion and which enhance the natural and built environment*'. Five **strategic objectives** are identified of which one is '*protect and enhance the environmental assets of the region*' as they support both traditional and new business

sectors. This section also identifies the environment as a cross cutting theme because it is a major economic asset.

- 2.11 The final element of the environmental trail through the SPD is in Section 10 on Cross Cutting Priorities. This sets out the detail for the Environmental Sustainability theme. It gives an environmental objective for the Programme - '*ensuring the South West Objective Two area's environments are of consistently high quality and positively contribute to economic prosperity and opportunities and thus provide the basis for a sustainable quality of life for its people*'.
- 2.12 Five operational objectives flow from this:
- Protect and enhance the area's rural, urban, natural and physical environment
 - Increase the resource efficiency of economic activity and so limit and reduce environmental impacts
 - Take advantage of the business opportunities afforded by growing demands for environmental goods, processes and services
 - Increase the awareness of residents, businesses and visitors of the value and importance of the environment
 - Actively promote environmental policies in all aspects of Programme management and implementation.
- 2.13 Mechanisms are identified to support implementation of this theme. Key outputs, results and impacts expected to derive from the operational objectives are identified and quantified at theme level.
- 2.14 The Programme Complement adds further detail by setting out potential activities for the cross cutting theme in relation to each Priority:
- Priority One (Neighbourhood Renewal) – need to improve the external environmental quality; environmental activities with businesses; and environmental management training.
 - Priority Two (SME Development) – environmental business opportunities, clean technologies, reuse and redevelopment of brownfield land
 - Priority Three (Traditional Economies) – preservation of the natural and built environment; environmental improvements and enhancements to enhance traditional economies.
- 2.15 Quantified output and result targets for the environmental theme are also identified by Priority and Measure. Project selection and scoring criteria are also given, including that for the cross cutting themes.

East Midlands Objective Two Programme

- 2.16 The environment is first introduced in Section One, where reference is made to the Environmental Profile and the opportunity for the Programme to have a positive impact on the environment. Section Four details the Environmental Profile. The profile is based on an East Midlands document 'Viewpoints on the East Midlands Environment' produced in 1999. This sets out the key regional strategic environment issues as:
- Climate change and air quality
 - Water resources and quality
 - Rivers and coastal flooding
 - Agriculture
 - Biodiversity
 - Regional and local distinctiveness
- 2.17 An environmental baseline provides information on a range of physical environmental features and land uses; woodlands and agriculture; biodiversity; landscapes; climate and rainfall; habitats and species;

historic and built environment; air quality, water quality, land contamination, bathing water quality, fisheries and fishing, identifying issues and opportunities. It then looks at environmental management (related to management of the physical environment); and environmental performance (which introduces an environmental dimension in relation to environmental technologies as a growing business sector, business environmental audits and good practice management). There is no conclusion to this section which ties together environmental and economic interests.

- 2.18 The SWOT analysis in Section Seven makes limited reference to environmental issues. It does identify the outstanding natural environment as a strength, together with the increasing demand for sustainable/environmental tourism; and the development of environmentally sound brands, as opportunities. It makes no reference to the potential for developing the environmental technology sector, the environmental actions of businesses or any other environmental/economic link.
- 2.19 The SPD identifies objectives (but no mission or vision statement) for the Programme. None of these have any direct environmental component:
- To increase employment and income
 - To increase business competitiveness
 - To secure new investment
 - To contribute to a reduction of economic and social exclusion

Environment is identified as a thematic priority at this point, with an emphasis on its integration into other priorities as an opportunity. It is seen as particularly influential in rural areas and also in former coalfield and urban areas in relation to derelict land/buildings.

- 2.20 Section 10, Thematic Priorities introduces the detail of the environmental sustainability cross cutting theme very much in a physical environmental sense, recapping on the physical features, habitats and species etc. It then sets out the strategic and operational objectives (which are very similar to those of the South West Objective Two Programme). The **strategic objective** is to '*ensure the programme makes a positive contribution to the objectives of the environment through the promotion and provision of support and prioritisation of activities that explicitly address environmental issues and opportunities*'. The **five operational objectives** are:
- Protection and improvement of the environment
 - Promotion and prudent use of natural resources
 - Take advantage of business opportunities afforded by growing demand for environmental goods, processes and services
 - Increase the awareness of residents, businesses and visitors of the value and importance of the environment
 - Actively promoting environmental policies in all aspects of Programme management and implementation
- 2.21 The Programme Complement only provides limited additional information. It identifies that implementation will be through the inclusion of an environmental questionnaire with project selection criteria, to ensure environmental benefits are recognised and no irreparable environmental damage caused. A table which links the SPD environmental objectives with the environmental checklist objectives is given. Environmental output targets are then listed separately, under each measure.

Comparison of Approaches

- 2.22 Although the SPDs take a standard approach to environmental information, following Commission guidance, the way in which information on environmental sustainability is developed through the SPD

does indicate the extent to which messages about environmental sustainability and the purpose of the cross cutting theme are being conveyed.

- 2.23 The strongest case and most consistent approach is in the Cornwall and Scilly Objective One Programme SPD. The environmental theme is well developed throughout the SPD and the emphasis is laid, right from the start, on the environmental/economic links. The messages are therefore in place as to what the theme is looking for and the logic for the theme is well developed.
- 2.24 The South West Objective Two Programme also has a logical progression from the way that environmental issues are significantly introduced into the SPD in the Environmental Profile through to the cross cutting theme objectives and the type of activities they support. There is effort made to link the environmental and economic issues together at an early stage and carry this through. The introduction in Section 10 (cross cutting themes) of the SPD is quite clear on the links between environment and economy.
- 2.25 The East Midlands Objective Two SPD is the weakest of the three SPDs in terms of the logic for environmental sustainability as a cross cutting theme. The environmental profile is heavily based around traditional physical environmental considerations, almost as a vertical theme, and there is not a strong link into the operational objectives of the environmental cross cutting theme. The impression given is that the Programme still seeks to fit itself into 'the Environment' as a vertical theme, as though they are two separate entities rather than mutually supportive. There is little information in the SPD or Programme Complement to provide strong pointers to project applicants on how they should be thinking about the environmental sustainability theme.

Mid Term Evaluation

- 2.26 All three Programmes have been the subject of a mid term evaluation. The Mid Term Evaluation for the Objective One Programme identifies environmental sustainability as the best performing cross cutting theme. A main recommendation is to focus on supporting projects post approval in order to capture and build on knowledge and experience. It also recommends a project network for sharing good environmental practice.
- 2.27 The Mid Term Evaluation of the South West Objective Two Programme is also positive about the operation of the cross cutting theme but more critical in relation to identifying appropriate baseline information, indicators and targets. It reports progress towards the environmental sustainability theme as varied with outputs well committed but little progress on results and impacts. It identifies a lack of clarity in some targets (projects demonstrating increased transport modal choice; projects demonstrating cost reductions). It identifies the baseline data as inappropriate and in need of review. It concludes that the environmental theme has been strongly promoted and is well integrated into the Programme. However it considers that more needs to be done to develop capacity and makes similar recommendations to those for the Objective One Programme. These points echo similar findings of an internal review of the delivery of the environmental sustainability theme undertaken by the Environmental Sustainability Theme Manager.
- 2.28 The Mid Term Evaluation of the East Midlands Objective Two Programme does not comment on how environmental sustainability has performed as a cross cutting theme in linking environmental and economic activities. Its main focus of attention is on mechanisms for its delivery. It notes that the cross cutting theme approach is more difficult because of the sub regional programme implementation process. Although all sub regional Action Plans and IFEs were reviewed to make sure the environmental sustainability theme was addressed, there is less ability to influence what happens at project level. It also notes that some indicators, including those for the environmental sustainability theme, need amendment.

Resources Available to Support Delivery of the Environmental Sustainability Cross Cutting Theme

2.29 Each of the three Programmes supports project applicants in developing the environmental cross cutting theme. The way in which this support is provided could affect how the environmental theme is understood and therefore integrated into project activity. This subsection sets out a comparison of the resources supporting delivery of the environmental sustainability cross cutting theme in each of the three programmes. Their effectiveness has been tested in case studies with Project Managers and is reported in Section Three.

Objective One Programme for Cornwall and the Isles of Scilly

2.30 The Objective One Programme has the most staff resources to deal with the environmental cross cutting theme and has been most well resourced from the start of the Programme. As previously stated it is also the largest Programme in financial terms, with over 500 approved projects. It has an Environmental Sustainability Theme Manager providing advice on integration of the environmental sustainability theme within the overall Programme and specifically undertaking environmental appraisals of projects (as a separate function to project development support). Every project received is scored for its environmental content with the score and comment being put to the relevant priority management group as part of the project appraisal process. The Environmental Sustainability Theme Manager therefore sees every project application and attends every priority management group⁵. An Environmental Sustainability Guidance Officer provides practical advice and support on project development to project applicants. Both posts have been in place since Programme delivery commenced and are located within the Objective One Partnership Office. Cornwall County Council is the employer of both posts, which are jointly funded by the Environment Agency, English Nature, Countryside Agency and Objective One Technical Assistance.

2.31 Written guidance on the environmental sustainability theme is also provided. An information pack is available from the Objective One Office which provides a number of information notes:

- Introductory information explaining the environmental sustainability cross cutting theme
- A step-by-step guide to the process of carrying out an environmental appraisal for an Objective One project or plan
- A suite of guidance notes for specific priorities or specific types of project (capital build, waste and related projects)

2.32 The Objective One Programme website contains an introduction to the environmental cross cutting theme, gives contact information for the two people working on this theme, gives guidance on the availability of written guidance information and where to obtain it. Information on the Objective One Programme is also available through the GOSW website. However this does not give any specific information on the cross cutting themes or make reference to the Environmental Sustainability Theme Manager or Guidance Officer.

2.33 The Objective One Programme also has an Environmental Sustainability Advisory Group (ESAG). This has developed from the environmental interests involved in drafting the SPD group through the Environment Topic Group. The EAG evolved from the Topic group, with support from GOSW, and was initially given the role to enable and establish the implementation arrangements for the environmental

⁵ All members of the Priority Management Groups score the projects for their Group, including the scores allocated for contribution to cross cutting themes. The Environmental Sustainability Theme Manager is therefore providing specific expertise and guidance to the PMG's but all PMG members are party to the discussion about the scores given and their views on how a project meets the environmental sustainability theme.

sustainability cross cutting theme. Its role has developed, particularly using the expertise of its individual members, to provide technical help to the Environmental Sustainability Theme Manager and Guidance Officer on specific queries and to give general advice to the Programme on environmental issues and their integration into Programme activity.

- 2.34 More recently the EAG has increased its role to provide input into development of Local Strategic Partnerships and their Community Strategies in Cornwall. Now known as Environment Kernow, its focus is no longer solely the Objective One Programme. Environment Kernow has been given responsibility to deliver the environmental component of the Cornwall Community Strategy. It is now well placed to spread the principles of environmental sustainability beyond the Objective One Programme into other areas of work.

South West Objective Two Programme

- 2.35 The SW Objective Two Programme has one person providing dedicated advice on the environmental sustainability cross cutting theme. He is employed by Devon County Council on behalf of the Objective Two Partnership and based in GOSW with the Objective Two. His post is jointly funded by the Environment Agency, Countryside Agency, English Nature, SW RDA, Devon County Council and Objective Two Technical Assistance. His task is to provide guidance and advice to project applicants, often as a result of referral of projects to him from GOSW staff involved in project development discussions with applicants or in receipt of draft applications. He also appraises projects but is not involved in the formal project scoring process. Over 120 projects have been approved through the South West Objective Two Programme.
- 2.36 Project scoring is done by GOSW. The Objective Two Partnership's Priority Entry Groups (PEGs) check the strategic fit of the project and make a recommendation to GOSW. The Environmental Sustainability Theme Manager attends all PEGs and provides training to GOSW staff on appraising and scoring the environmental sustainability content of projects.
- 2.37 The South West Objective Two Programme is delivered through an Action Plan in the five eligible wards in Bristol. This means that the Environmental Sustainability Theme Manager has no direct contact with projects in the Bristol Objective Two area but works through the Bristol Partnership with delegated authority to deliver the Action Plan (in practice some projects are referred to him for advice).
- 2.38 There have been two postholders since the post was put in place at the start of the Programme period. Initially, as well as providing project development support, a proactive role was taken by the postholder to look at key sectors working with the environment and how they could be developed through the Objective Two Programme. Over the past two years, with the current postholder, the focus of work has moved towards developing more formal appraisal, monitoring and mentoring, together with disseminating and promoting the environmental sustainability approach more widely.
- 2.39 The Objective Two Programme has produced a series of guidance notes:
- What is environmental sustainability? - reiterating the four objectives for the environmental theme relevant to projects and what environmental issues could arise under each theme.
 - What environmental targets can my project meet? - setting out the environmental targets from the Programme Complement and giving definitions so that they can be properly identified and monitored.
 - Events and festivals - giving examples of what could be considered under the environmental objectives
 - Neighbourhood renewal and the environment - giving examples of what could be considered under the environmental objectives and providing further guidance linked to the Priority One measures in the SPD

- Capital build projects - giving examples of what could be considered under two of the environmental objectives which are felt to be the most applicable – protection and improvement of the environment and prudent use of natural resources
- Neighbourhood renewal in Bristol - specific ideas on application of the theme in the context of the Bristol Neighbourhood Action Plan
- ESF projects and the environment - giving examples of how environmental elements can be integrated into ESF projects

2.40 These guidance notes can all be accessed through the Objective Two pages on the GOSW website and are sent out with all project application packs. The short introduction to the Objective Two programme on the GOSW website does not make reference to the cross cutting themes, but by going to detailed programme information, the cross cutting themes are introduced and a specific link given to the environmental sustainability page. The seven guidance notes and an environmental sustainability e-letter (only one issue produced, April 2003) can be accessed from here.

East Midlands Objective Two Programme

- 2.41 The East Midlands Programme has an Environmental Sustainability Officer who came into post in 2002. Prior to that an Environmental Advisory Group (EAG) appraised projects from the first round of bids and developed environmental conditions for approval letters. The Environmental Sustainability Officer is seconded from the Environment Agency to GOEM and is co-located with the East Midlands Objective Two team at GOEM.
- 2.42 The East Midlands Objective Two Programme is currently delivered through sub regional partnerships (SRPs)⁶. The Environmental Sustainability Officer is primarily in contact with the SRPs rather than the project applicants. There is no set procedure (within the application process) for contacting the Environmental Sustainability Officer and as such contact with applicants is on an ad hoc basis. SRPs and GOEM may however advise project applicants to contact her and she is also undertaking training sessions for groups of project applicants for some SRPs.
- 2.43 Each SRP has an environmental representative. The background to the environmental representatives varies between SRPs and there was no standard 'training' in the environmental cross cutting theme for these representatives, prior to arrival of the Environmental Sustainability Officer. The Officer now provides training to SRPs in environmental appraisal, as part of wider appraisal training undertaken by GOEM but notes that the interpretation of the cross cutting theme within SRPs is variable.
- 2.44 The Environmental Sustainability Officer is directly involved in appraisal of projects from SRPs that have no delegated authority to appraise projects and are therefore passed to GOEM for appraisal. She is not however, part of the formal project scoring process. In total some 55% of the ERDF budget is committed to projects approved through five Action Plans and 261 individual projects, with 42 approved ESF projects⁷. She is also involved in project monitoring, participating in monitoring visits with GOEM staff.
- 2.45 The East Midlands Objective Two Programme also has an Environmental Advisory Group (EAG). The EAG played an important role at the start of the Programme period, appraising projects from Round One and developing environmental conditions for grant approvals. It then submitted an application for technical assistance to support an environmental sustainability theme manager post. Since the postholder came into place, the EAG maintains an advisory role, receiving reports on activities and advising the Environmental Sustainability Officer on project appraisal issues. The EAG is now reviewing

⁶ SRPs were introduced after the first application round. Prior to this, the Programme was managed through GOEM.

⁷ As at December 2003

its role with a view to taking a more strategic role for the remainder of the Programme period and beyond.

- 2.46 Various written documents have been produced, targeted at both SRPs and project applicants. These are:
- Guidance on defining the environmental outputs in the Programme Complement and how these can be measured.
 - A list of environmental conditions that should be applied to different types of projects together with an explanation of the purpose of the condition
 - Environmental Sustainability Checklist (that all projects have to complete)
 - Guidance Note to Applicants: Mainstreaming Environmental Sustainability (this brings together all the above information with details of what each measure is seeking by way of environmental activities and what the environmental targets for each measure are. It also provides an overview of environmental sustainability and makes fairly explicit statement about the need to integrate environmental sustainability into all applications for funding).
- 2.47 GOEM's website provides information on the environmental sustainability theme. It gives a short introduction to the theme (the same as the guidance note to applicants); the EAG (membership and terms of reference); measure by measure guidance; the environmental checklist; environmental selection criteria and a list of further sources of information. It is found under 'Objective 2' in the index of GOEM activities.

Comparison of Programme Experience

- 2.48 The Cornwall and Scilly Objective One Programme has the largest human resource for delivery of the environmental sustainability cross cutting theme, unsurprising given the financial value of this Programme in comparison to the two Objective Two Programmes.
- 2.49 All three Programmes provide a human resource to work with project applicants on integration of the theme into projects as they develop. In the Objective One and South West Objective Two Programmes this resource has been in place since the start of the Programme period. In the East Midlands this resource only became available in 2002. Despite this late start in the East Midlands, the mid term evaluations for all three Programmes have commented on the very positive value of the people resource in helping to deliver this cross cutting theme through work with project applicants.
- 2.50 Although environmental sustainability staff in all three Programmes provide guidance and support to project applicants during project development, , the extent of this varies between Programmes, in part a reflection of the size of Programmes and other tasks that the staff have to undertake. It is most extensive in the Objective One Programme where one full time staff member is available for this task. It is less extensive in the South West Objective Two Programme where one person combines project guidance and appraisal (and is also more reliant on referral of projects to him from GOSW Programme Secretariat). It is least extensive in the East Midlands due to the sub regional partnership management arrangement, which mean the environmental sustainability theme manager is more removed from 'hands on' support to projects.
- 2.51 Programme management arrangements have had an effect on the work of environmental sustainability theme officers and their ability to provide guidance and support to develop the environmental sustainability theme within Programme management structures. The East Midlands situation is complex, due to the delivery arrangements for the Programme through sub regional partnerships. The SRPs are reported as variable in their understanding and interpretation of the environmental sustainability theme, with no common approach as there was initially no common training to SRPs. Training is now taking place and communication is improving but it has taken the Environmental Sustainability Officer some time to develop this work with SRPs.

- 2.52 In both the Objective One and the South West Objective Two Programmes, the Environmental Sustainability Theme Managers are appraising all applications and attending all Priority Management/Entry Groups. This makes them well placed to put across the environmental sustainability theme message to a wide audience and to develop their awareness and understanding of what can be achieved. In practice this is reported as working more effectively in the Objective One Programme, where the PMGs score all projects and all PMG members score the cross cutting themes as well as Priority/Measure fit and scores are discussed with the Environmental Sustainability Theme Manager. The understanding of participants on PMGs about the environmental sustainability theme is therefore developing. In the South West Objective Two Programme, the PEGs do not have the same power to score projects but are providing a qualitative assessment of strategic fit of the project. It is reported that capacity building has not therefore been as strong, as the need for PEGs to focus on the environmental sustainability theme is not there.
- 2.53 All Programmes provide written information about the environmental sustainability theme, available from Environmental Sustainability Theme Officers and others and via Government Office/Programme websites. The guidance notes produced for the Objective One Programme are extensive in number. However the general introductory information does not, in our view, provide a clear picture of what is being looked for by way of environmental integration. The specific priority guidance notes are more practical and helpful as these give actual ideas of what can be done.
- 2.54 The written guidance for the South West Objective Two Programme is much simpler than that for Objective One, giving practical examples of how the theme could be considered in different types of projects.
- 2.55 The East Midlands information combines guidance for project applicants and information for SRPs and makes some explicit statements about what is intended by the environmental sustainability theme, thereby addressing some of the lack of guidance in the SPD/Programme Complement.
- 2.56 Both the GOSW website for the South West Objective Two Programme and GOEM's website for the East Midlands Objective Two Programme provide information on the environmental sustainability cross cutting theme and access to the guidance notes. Reference is not made to this on GOSW's Objective One webpage which seems to be an omission. It is however dealt with on the Objective One Partnership website.

3 DEVELOPING AND DELIVERING PROJECTS INTEGRATING ECONOMIC AND ENVIRONMENTAL THEMES

Introduction

- 3.1 This section reviews the experience of Project Managers in developing and delivering the environmental sustainability theme within projects. It draws on the experience of three case studies from each Programme area. The case studies represent a mix of project type. Three are specific site based projects. The remaining six are all umbrella projects, either coordinating activity on behalf of a wide range of partners and/or delivering services (including grant assistance) to businesses, partners and associated organisations. Eight of the case studies have accessed ERDF and one ESF⁸.
- 3.2 This section summarises the collective experience of the projects in terms of integrating the environmental sustainability theme into development and delivery of projects.
- 3.3 Our Project Manager contacts for two of the projects had not been involved in project development and were therefore unable to provide a view on project development issues. Written correspondence on file for these projects does provide some insight into project development issues. It is inevitable that project staff will change. However, this does serve to emphasise the importance of maintaining good records of a project and the purpose of its different components that is communicated to project staff.

Environmental Considerations in Project Development

- 3.4 The background to the development of the nine case studies is varied. Three projects have developed from previous Objective 5(b) funded initiatives, one from the experience of an Objective One funded project in another region in the previous programming period (1994 – 1999) and one from current experience of an Objective One funded project. One project is in direct response to a central government requirement, channelling government funding resources through Structural Fund Programmes. Site specific projects all respond to the need to address particular issues.
- 3.5 The motivation for projects has therefore varied. Only one appears to have been directly generated by the existence of the Structural Fund Programme, although others are building on activities previously receiving Structural Fund support. Eight of the projects have developed primarily for economic reasons. What is of interest is the extent to which these projects also had environmental concerns or opportunities as a key driver at an early stage. One project in the East Midlands clearly identifies combined economic and environmental opportunities as the key purpose of the project. No other project takes such an integrated approach from the start of project development. Three projects (in Devon and the East Midlands) note that environmental considerations were part of their early planning and were not simply prompted by the environmental sustainability theme of the Programme. For the remainder, project managers were aware of the need to address the environmental sustainability theme during project preparation either from existing knowledge of the Programme requirements (3) or through advice given by Government Offices during project preparation (1).
- 3.6 The ninth project (in the East Midlands) developed from an environmental perspective (related to conservation of industrial heritage) with the economic element needing incorporation. It seems to have been very self contained in terms of development and delivery.
- 3.7 Integration of economic and environmental considerations has not been a substantive part of the initial planning for the majority of case study projects. The integration of the environmental sustainability

⁸ EAGGF and FIGF projects from the Cornwall and Isles of Scilly Objective One Programme were not selected as case studies as they cannot be compared with the Objective Two Programmes, which do not include use of these Structural Funds.

theme has therefore been something that projects have had to develop to meet Programme requirements.

Integrating Environmental Sustainability into Project Development

- 3.8 All case study projects in the Objective One and South West Objective Two Programmes sought and received advice from their respective environmental sustainability officers. For three of the projects this was the only way in which environmental sustainability was introduced and integrated into the project (in two cases, with the project developer actively seeking support and guidance from the environmental sustainability officers; and one project was signposted to the Environmental Sustainability Officer). For the remaining three projects discussion with the appropriate Environmental Sustainability theme representative developed initial thinking about environmental issues and their integration into the projects.
- 3.9 In the East Midlands experience is more mixed. For two projects, environmental advice was initially sought from within the applicant organisation (with one organisation having its own environmental sustainability criteria that all its projects must meet). One project then went on to access external advice through a nationally recognised route – the BREEAM environmental assessment method for construction projects provided by the Building Research Institute. All three projects were questioned about environmental sustainability theme issues at project application stage. This seems to have coincided with the Environmental Sustainability Officer coming into post and reviewing project applications at appraisal stage, introducing environmental sustainability guidance and taking a more rigorous approach than the environmental checklist had sought.
- 3.10 All nine projects have been receptive to the incorporation of environmental sustainability principles into their projects and consider that the process has not changed the fundamental purpose of the project that they wished to achieve. The majority of projects consider its integration has achieved various benefits:
- A clearer articulation of the environmental sustainability of a project
 - A more formalised approach to reporting on achievements in relation to environmental sustainability
 - Incorporation of national standards supporting environmental sustainability (BREEAM and English Tourist Council's Green Audit Kit)
 - Influence in the way project activity is undertaken e.g. marketing activity, provision of business advice
 - Broader scope of environmental sustainability within the project
 - Stronger project partnerships with representation from the environment sector
- 3.11 Only one project considers that incorporation of an environmental aspect has not brought significant benefit and has proved difficult to implement in practice. Problems of implementation are also identified by other projects, notably those that are acting as an intermediary between the funding and its distribution to businesses. This is discussed further in paragraph 3.18 below.

Sources of Information and Advice

- 3.12 As stated above all projects in the Objective One and South West Objective Two Programme received advice from their respective environmental sustainability officers and this is noted as a positive

experience by all project managers, supporting the conclusions of the Programme mid term evaluation reports. Project Managers in the Objective One Programme note the very detailed and rigorous analysis of issues and opportunities provided by the Environmental Sustainability Guidance Officer, finding this generally a helpful (although sometimes hard line and complex) approach. The value of the Guidance Officer in providing practical examples, output targets etc is welcomed. The approach in the South West Objective Two Programme is noted as more informal, through discussion with the Environmental Sustainability Theme Manager.

- 3.13 In the East Midlands, contact with the Environmental Sustainability Officer has been significantly less as the projects reviewed were primarily developed by the time she came into post. Only one project reports contact with the Officer at the time of project approval, with this occurring through their SRP. However information and advice was sought through other routes. One project used its own internal system having environmental expertise and environmental sustainability criteria in-house. Two projects incorporated national environmental sustainability guidance into their projects. Both consider this to have been a very positive feature:
- BREEAM requirements are almost a national standard and rigorous, pushing the boundaries of environmental sustainability within a project
 - The Green Audit Kit has also been developed nationally and it is an advantage with businesses to be promoting a scheme with national credentials rather than developed locally.
- 3.14 Use of environmental sustainability guidance notes is not noted prominently. No project identified written guidance information as being of value in project development specifically although several project managers noted that they had received guidance notes. It has been the direct contact with the Environmental Sustainability Officers in the South West region Structural Fund Programmes that has been the important catalyst for development of environmental sustainability within projects, or with other environmental sustainability information sources in the East Midlands.

Practical Experience of Delivery

- 3.15 For site specific projects implementation appears straightforward. One project is still at a very early stage of implementation (seeking tenders for building work) but does not anticipate problems and notes that use of BREEAM standards provides an effective output measure.
- 3.16 Implementation becomes more complex for those projects that are an umbrella for a range activities, working in turn with many businesses and other organisations. Three projects are directly involved in passing funding on to businesses through grants/loans/direct payment for services provided and with business support activities included. All three have varying experience of how this has worked in practice but all note a common problem. Practical experience indicates that:
- One project, building on previous Objective 5(b) funded activity, was able to move forward swiftly on its current work programme, including integrating the environmental sustainability element into the project
 - One project solicited involvement of businesses in the environmental component of its project, but as this was not a requirement of participation, did not experience as great a response as needed to meet its environmental targets
 - One project set out an action plan to integrate its environmental objectives within the project, but due to internal management changes and the need to establish its core business, has not yet implemented the plan fully although it is still intending to do so.

- 3.17 The common problem raised for all three projects is the extent to which application of the environmental sustainability theme can, in reality, be passed on to businesses through a combination of 'carrots and sticks'. There is a real concern about the need to balance positive and encouraging work with businesses with that of setting requirements that they must meet. This is particularly important where businesses may need considerable assistance and gaining their involvement is important without giving the perception that hurdles have to be overcome. Project Managers do not generally wish to see environmental sustainability issues set as a requirement for business involvement. However without such a requirement it very much depends on a business's understanding of the business benefits that may derive from taking on board environmental issues, as to whether they take up this theme.
- 3.18 This raises the issue of business understanding of benefits that can be derived from environmental management practices. Project Managers note that this understanding can be quite limited and its value needs to be demonstrated practically through, for example, cost savings. It also raises an issue of what can reasonably be expected depending on the size and scale of the business operation. Projects have approached this problem in different ways. For example one project has introduced an environmental representative within its management structure. This has enabled it to raise the knowledge of those within the project meeting businesses and to introduce environmental issues particularly in relation to meeting environmental regulatory requirements (but also notes that the same level of progress has not been made in relation to securing business benefits through environmental management practice). Another project explicitly states that its role is awareness raising – but has put in place a monitoring system to document the business benefits that businesses who do take on board environmental management practices achieve.
- 3.19 In summary, the effort that goes into work with project applicants in the development stages of a project to integrate the environmental sustainability theme can be difficult to pass on to businesses. Various opportunities to improve this situation have been identified in discussion and include:
- Development of case study examples which can demonstrate the business benefits of environmental management practice for use with businesses and those working with businesses
 - Guidance on the level of environmental management that could be considered within different size and types of businesses
 - Promoting the business benefits of environmental management practice with business organisations associated with a project, to achieve a wider cascade effect
 - Ensuring that those working within an umbrella project are aware of the business benefits and can promote these benefits.
 - Establishing effective systems to promote the environmental sustainability theme at an early stage in project activity to maximise its potential impact
 - Using the expertise of other organisations who can contribute to developing the environmental sustainability message with businesses e.g. the Cornwall Sustainable Tourism Project
 - Disseminating the results and experience of projects when it becomes available through evaluation processes
- 3.20 Concern about the way to engage businesses has also been experienced by other projects not financially supporting businesses directly, but nevertheless working with businesses on other activities such as marketing and product development. One project has developed a long term strategic plan for a countywide tourism forum. In addition the project proposed development of an environmental strategy and work programme to develop environmental awareness and responsibility in the tourism industry. In practice these two elements have been brought together through the development of a Sustainable

Tourism Working Group providing a direct input into preparation of the wider Tourism Forum Strategic Plan, making environmental sustainability integral to the Tourism Forum operating and marketing plan for the longer term. However the test will come at the stage of implementation with businesses.

- 3.21 For one project combining individual business marketing support work with common marketing campaigns, the environmental sustainability theme is reported as having worked well for the marketing campaign but with a more mixed response at individual business level, again reflecting the same issues other projects. The marketing campaign used environmental imagery and text with market research indicating a positive consumer response. As this project is based in Cornwall, where the environment is already a strong marketing theme, use of environment imagery has a head start. However it is the way in which images are used and the messages that are given as a result that are noted by the Project Manager as important.
- 3.22 Two projects raise the issue of output definitions and monitoring as a specific problem of implementation. For one project the issue is that output targets set by Programme measures are not felt to adequately reflect the environmental benefits that the project will provide. Outputs outside those listed in the Programme Complement are therefore being developed. For the second project the issue centres around monitoring outputs by the lead organisation (an internal issue) and not matching specifications for businesses to be involved with outputs required by the Programme. In general projects indicated that outputs targets and monitoring were easy to address, with one Project Manager emphasising the need to keep output targets practical, simple and measurable.
- 3.23 In summary, all projects, with one exception, consider that the integration of the environmental sustainability theme will/has brought benefits (sometimes unexpectedly) including:
- Raising of awareness within business development organisations
 - Raising awareness directly with businesses
 - Raising awareness of consumers/visitors
 - Achieving environmental improvements on the ground
 - Achieving financial and job benefits for businesses
 - Achieving efficiencies and financial savings in building running costs
 - Introducing representation from an environmental organisation into project management/delivery giving expertise and an additional perspective to a project.
- 3.24 Only one project identifies any negative aspect as an overall comment and this relates to the problems of environmental output definitions not fairly reflecting project activity.
- 3.25 The one project that does not specifically identify benefits to the project from introduction of the environmental sustainability theme is working within a prescribed framework set out by central government. It appears to have had some difficulty in giving a proactive push to introducing the environmental sustainability theme whilst also meeting government targets for delivery of its project.

Future Directions

- 3.26 Five of the projects note that ongoing support would be (and is already) valuable once the project is approved and being implemented. Two of the five projects note that environmental sustainability theme officers have already provided support to them - in relation to monitoring in one case (Cornwall) and in

relation to a second project application (in Devon). The remaining three identify the need for ongoing support to:

- Support implementation issues associated with the environmental sustainability theme where it is apparent existing project staff resources are already stretched (proposed as a task that the Environmental Sustainability Officer could undertake)
- Provide a dedicated resource that can advise businesses on environmental sustainability issues (the Cornwall Sustainable Tourism Project being specifically identified as having a role)
- Develop output definitions and monitoring frameworks
- Provide information and research to projects
- Provide a 'consultancy' role running alongside project delivery that can review progress and help project managers adjust the implementation of the environmental sustainability theme where necessary

3.27 Seven of the projects identify that they are, or hope to, network with other organisations, in some cases projects that are also funded through Structural Fund routes and in some cases more broadly. For example one project in the East Midlands is hoping to develop an Interreg III C project based on its Objective Two funded project. However, although projects are networking, this is not specifically associated with drawing out the environmental sustainability theme experience or sharing good practice around this. Several projects note that this would be an additional benefit that could be drawn into networking activity with one project manager specifically suggesting a need for a project/study to measure/monitor the environmental benefits of projects and report on this.

3.28 Five of the project managers are very positive that their experience of incorporating the environmental sustainability theme into their projects would now make them introduce similar principles to other work that they undertake. One Project Manager was able to identify a project where this had been the case. A further two project managers indicated that they would anyway expect to build such principles into their future work, in one case with the current project experience providing a stronger basis on which this could be achieved. Only one project considered that integration of an environmental component had been a task undertaken specifically to meet Objective Two requirements.

Conclusions

3.29 The view from case study project managers on their experience of integrating the environmental sustainability theme with project activity is very positive. Although some are experiencing issues around implementation, the need to integrate environmental and economic activity is now accepted as important. Only one project does not share this positive approach.

3.30 Most projects have sought environmental advice and assistance during project development stages. This is the main area of difference between the three Programme areas. In both the Objective One and South West Objective Two Programmes, this has been from their respective Environmental Sustainability Theme Officers. However this has not been the case in the East Midlands where advice and information has been resourced either internally within project applicant organisations or from national sources. The Theme Officer was not in post at the time of project development for the three case studies.

3.31 In terms of practical experience of implementation there is no obvious difference between the three Programme areas. Projects have experienced problems in all three areas with the East Midlands projects identifying the least problems (although one is at an early stage of implementation). More

implementation issues are associated with the complex umbrella projects than the site specific projects (of which two of the three reviewed are in the East Midlands).

- 3.32 One particular and significant problem associated with projects working with businesses is the way in which the environmental sustainability principles developed within an umbrella project can be passed on to participating businesses effectively. It raises issues about the level of understanding of business benefits that can be gained and the extent to which businesses should be required or encouraged to participate in this area. This problem is common across the three Programme areas.
- 3.33 Other issues to emerge from the case studies include:
- The value of using national environmental sustainability standards – a point made by two projects, both in the East Midlands, who incorporated national standards into projects and consider this to have been a great benefit that other projects could consider
 - The need to develop capacity and systems within organisations at the start of project implementation in order to embed environmental sustainability actions within overall project delivery
 - The stresses caused by the need to meet core economic project outputs whilst endeavouring to incorporate environmental sustainability actions into projects (experienced by projects in the Objective One and South West Objective Two Programme areas)
 - The value of introducing environmental representation into project management/delivery mechanisms (which has occurred in two of the Objective One case studies) and the benefits this has given/will give to project delivery
 - The potential for providing ongoing support to projects during implementation
 - The difficulties of incorporating environmental sustainability into ESF projects (and where the definition of sustainable development used centrally in the ESF system is different to the operational objectives of the Structural Fund Programme)

4 CONCLUSIONS AND FUTURE DIRECTIONS

Conclusions

- 4.1 Each Programme area has a different Programme management system and a different emphasis within Programme documents which has shaped how the environmental sustainability theme has been implemented. The size of each Programme and scale of project activity is also different, with the largest Programme (the Cornwall and Isles of Scilly Objective One Programme) having the largest human resource to implement the theme.
- 4.2 Notwithstanding these differences, the study has shown that projects have been able to achieve an integration of environmental and economic activity successfully and to contribute to the environmental sustainability cross cutting theme in all three Programme areas. Case studies have shown that use of environmental sustainability as a horizontal theme has worked. In some cases this has still to follow through into project implementation and therefore the success of its integration has yet to be fully tested.
- 4.3 Key conclusions from the study are grouped into two areas:
- Project development and delivery
 - Programme resources to support the delivery of the environmental sustainability theme

Project Development and Delivery

- 4.4 Considerable effort has gone into project development to secure the environmental sustainability theme within projects, with all project managers being receptive to the delivery of environmental sustainability through their projects. In some cases it has been straightforward to implement the environmental sustainability theme within projects. This is particularly the case for site specific projects. For other projects it has been more problematic and a particular issue has arisen for umbrella projects working with businesses in terms of how to pass on the environmental sustainability principles and responsibilities within the project to them successfully. This is a major issue that needs to be addressed.
- 4.5 Although the East Midlands SPD does not develop the environmental sustainability theme as substantively as the other two Programmes, this has not affected delivery of the case studies reviewed. However, it is fair to say that all three case studies had grasped the principles of the environmental sustainability theme due to their own organisational policies and previous experience and were therefore able to take it forward successfully into their projects without the need for explanation directly from the Programme. Notwithstanding this, there is clearly an opportunity to develop more direct contact between the Environmental Sustainability Officer and project applicants in the remainder of the Programme period.
- 4.6 The integration of environmental sustainability has not always been strong in the early development stages of all projects. Case studies for the Objective One and South West Objective Two Programmes have required a greater level of engagement to develop the environmental sustainability theme, although having once done this, its value is generally appreciated by Project Managers in terms of how it can benefit the project.
- 4.7 Project work is clearly developing capacity within these organisations to take on board environmental sustainability principles and potentially deliver these in other areas of work. Most projects indicate that they would now expect to do this. However it is important to develop and spread this capacity

development work and the issue raised earlier about working with businesses particularly highlights a need to do this with businesses and business development/support organisations.

- 4.8 Particular problems of delivering and reporting on the environmental sustainability theme have been experienced within the ESF funded project. Identifying appropriate outputs that can reflect achievements of projects have also been noted as an issue.

Programme Resources to Support the Environmental Sustainability Theme Delivery

- 4.9 The Cornwall and Isles of Scilly Objective One Programme is the best resourced and presents the strongest case through the SPD/Programme Complement, for the environmental sustainability theme. The Objective One Environmental Sustainability team is involved in both project development and appraisal and has split these functions with a dedicated officer for each task. It is also the largest programme financially (over twice that of the South West Objective Two Programme and 20% larger than the East Midlands Objective Two Programme).
- 4.10 Both Objective Two Programmes have one person in post to support the development of the environmental sustainability theme, who combine project development and appraisal advice but who are not formally involved in project scoring processes. The delivery mechanisms for the East Midlands Objective Two Programme through SRPs means a less direct involvement in project development, working through SRPs rather than directly with projects.
- 4.11 The mid term evaluations highlight the value of these posts to support delivery of the environmental sustainability theme and this is borne out in case studies in the Objective One and South West Objective Two areas. In the East Midlands case study projects, development seems to have pre - dated the appointment of the Environmental Sustainability Officer. Instead other sources of information/advice were sought, with national information/advisory sources being important. Both Structural Fund Programmes in the South West region have benefited from the availability of Environmental Sustainability Officer advice and guidance from the start of the Programme period. This has only been the case in the East Midlands since 2002.
- 4.12 All three Programme areas have introduced written guidance notes for use by project applicants. These notes have not been identified as a valuable source of information by case study interviewees. It has been the direct availability of advice and guidance through the appropriate Environmental Sustainability Officers or other advisory sources that is noted as of value in developing and delivering environmental sustainability within projects.

Future Directions

- 4.13 There are a number of recommendations to address issues and opportunities for developing the potential of the environmental sustainability theme both within the remainder of the current period of the Programmes and beyond. The following paragraphs set out our key recommendations, together with indications of how these recommendations could be taken forward. They are set out under three headings:
- Project implementation
 - Project monitoring and evaluation
 - Capacity building

Project Implementation

- 4.14 There is a need to ensure that umbrella projects focus on creating effective means of delivery from the project to its final beneficiaries that can carry through the environmental sustainability principles of the project. A considerable effort is going into work with project applicants to develop the environmental sustainability content of projects. Where the applicant is not the final beneficiary, it is important to ensure that final beneficiaries are also delivering the environmental sustainability content, otherwise effort is being wasted and environmental benefits are not being achieved. Ways in which this could be achieved include:
- Working with project applicants during development of a project, to ensure that effective plans are in place to carry forward environmental sustainability activities with final beneficiaries within projects, where this is needed, and testing this at appraisal
 - Providing ongoing support (by Environmental Sustainability Officers) to projects after project approval, in order to develop systems that can deliver these plans effectively. This might include assistance in preparation of delegated grant application forms, to include environmental sustainability questions appropriate to the final beneficiary applicants, or environmental sustainability training to project staff who will be meeting with final beneficiaries to raise their awareness of what can be achieved
 - Developing information for final beneficiaries that demonstrates the economic advantages of incorporating the environmental sustainability theme (see below for proposals in relation to businesses in particular). This could be achieved through greater monitoring activity and developing case study information (see under the Monitoring and Evaluation sub heading below).
- 4.15 There is a particular need to develop the integration of the environmental sustainability theme into ESF projects. A recently produced Sustainable Development Toolkit by the ESF Unit in the DfES provides a useful starting point for ESF applicants to consider issues of sustainability. One element of this toolkit relates specifically to environmental protection and enhancement whilst skills development in environmental management is also addressed. However, this also needs to link to Programme Operation Objectives for the environmental sustainability theme.
- 4.16 A specific issue associated with working with businesses as final beneficiaries is the level of environmental benefit that can reasonably be expected from different sizes and types of businesses. More widely, the question of raising their awareness of the business benefits of good environmental management practice within business activity is also important. There are a number of ways in which this could be achieved and where the experience of projects could play a valuable role in providing real examples of business benefits, through monitoring and evaluation. Paragraph 3.20 set out several ideas which could be developed through the work of the Environmental Sustainability Officers and Environmental Advisory Groups:
- Development of case study examples which can demonstrate the business benefits of environmental management practice for use with businesses and those working with businesses
 - Guidance on the level of environmental management that could be considered within different sizes and types of businesses
 - Promoting the business benefits of environmental management practice with business organisations associated with a project, to achieve a wider cascade effect
 - Ensuring that those working within an umbrella project are aware of the business benefits and can promote these benefits.

- Using the expertise of other organisations who can contribute to developing the environmental sustainability message with businesses
- Disseminating the results and experience of projects when it becomes available through evaluation processes

Effective Use of Monitoring and Evaluation

- 4.17 All projects are required to provide regular progress and financial claims to their respective Programme Secretariats at Government Offices. However, it is possible that valuable information about delivery of the environmental sustainability theme may not be fully reported, if the outputs/results identified are not fully reflecting the environmental sustainability work taking place in a project. Case studies have shown that there is interesting work taking place to develop environmental sustainability within projects and it is important to capture the benefits of this as a means to encouraging others to adopt environmentally sustainable practices in their work.
- 4.18 There is an opportunity to work with projects post approval that are developing different approaches and ideas on environmental sustainability, in order to draw together information on experience and achievements and provide assistance on monitoring and evaluation that will best capture this information. This could be considered as an action to be undertaken by Environmental Sustainability Officers on a structured basis e.g. six monthly review. This ongoing monitoring work will be important in drawing out information for case studies, disseminating experience and capacity building, taking it beyond the basic information set out in the standard Structural Fund reporting processes.
- 4.19 As part of this monitoring process, there is a need to review and monitor output/result targets to gather information to promote the benefits of environmental sustainability and to check if targets are representing the benefits that could be achieved fairly and fully. Some projects are likely to be testing new ways of monitoring targets whilst others will provide valuable information that can quantify the economic benefits of environmental sustainability. One opportunity that could be explored is the development of a specific project evaluation element within projects that are likely to produce interesting and valuable results. This would enable the results from projects to be captured and disseminated. An internal evaluation should be fundable through the project and could be set up as an annual event, to capture information throughout the project period.

Capacity Building

- 4.20 This study has indicated that the principles of environmental sustainability developed in project activity are beginning to be expanded into other work programmes and activity undertaken by project applicants. There is an opportunity to develop the capacity of organisations to build in a stronger environmental sustainability aspect to their work, for example with the Regional Development Agencies and their funding processes, with Business Links and their business support services and within the work of local authorities. Developing a wider communications strategy that promotes the environmental sustainability principles and ways in which these principles can be achieved is therefore important. A number of the suggestions made above e.g. case study information, will be valuable in supporting a communications strategy.
- 4.21 There are opportunities for Environmental Sustainability officers and EAGs to develop to build capacity within projects in the current Structural Fund Programmes:
- The experience in the Objective One Programme of placing an environmental representative on the Steering Group of other projects has proved valuable in developing awareness about issues of environmental sustainability, which can be taken back into other organisations. This experience could be extended into other projects – although it does place a time burden on the environmental representatives and projects therefore need to be carefully selected to maximise the benefits

- Provision of environmental sustainability awareness raising/training to project officers working within projects could be developed. This has taken place for some specific projects and there are also examples of training for those involved in project appraisal or in giving advice and guidance to projects. This could be developed as more regular workshops for all projects and used to disseminate examples of good practice, information from monitoring etc. This type of awareness raising could also be extended to final beneficiaries, where projects are acting as an intermediary
- Targeting awareness raising seminars at specific organisations could also assist in developing capacity. A number of organisations such as Regional Development Agencies, Business Links and others will now have had some experience of addressing environmental sustainability through their involvement in projects. However this may only involve a few people within a large organisation and there is an opportunity to build on this experience to develop a wider awareness and understanding with a view to integrating environmental sustainability into their project development and delivery processes
- Given the need to work with businesses to develop knowledge of environmental sustainability, working with business support organisations and mentors to raise awareness would have valuable benefits. Case studies, monitoring and evaluation information will all be valuable in developing the business case for building environmental management into business activity

4.22 This study has shown the value of Environmental Sustainability Officers, to support the delivery of the environmental sustainability cross cutting theme. It is this Officer support, rather than any written material, that has been of highest value for project applicants and managers in development and delivery of their projects. Technical Assistance through the Structural Fund Programmes has been vital to support these posts, together with matched funding from key agencies such as English Nature, the Environment Agency and the Countryside Agency. If this valuable work is to continue post 2006 other organisations such as Regional Development Agencies, need to integrate environmental sustainability within their programmes and maintain the momentum built up through the Structural Fund Programmes. This is particularly important for agencies involved in grant giving and where there is an opportunity to influence applicants through grant programmes.